

WASHINGTON—Today, Congressman Mike Quigley (D-IL) delivered the following testimony to the House Committee on the Budget:

“Mr. Chairman, thank you for the opportunity to testify today. Our nation is on an unsustainable fiscal path. Taking into account widely expected policy changes, the CBO projects that by 2035 the public debt will be almost twice the amount *of our entire GDP*. By 2050, it projects that the public debt will be more than three times the amount of GDP.

While there are those who hold great disdain for our government I believe that government’s mission matters. Government can improve people’s lives and keep them safe. Government’s mission matters, and that’s precisely why our national debt is so troubling.

If we can’t get our finances in order, how can we ask taxpayers to trust us with their hard-earned dollars? How can we ask taxpayers to tighten their belts when our balance sheet is so unbalanced? To earn the public’s trust, our government needs to be more transparent, more accountable, and more honest. And it all begins with our budget.

We need to fix the short-sighted accounting that massively underestimates the cost of spending programs. The 10 year budget window is too easily gamed—a measure for which costs escalate in year 11 can be called budget neutral, but it is not.

We need to consider the net present value of spending measures that escalate in cost outside the budget window. We also need to adopt accrual accounting—the standard for private business as well as state and local governments, and what’s used in the *Financial Report of the U.S.*

By taking into account the promises made yesterday to spend tomorrow, we can provide a more accurate picture of our fiscal position.

If Greece were obligated to use full and honest accounting to budget its 2001 currency swap deal with Goldman Sachs, it wouldn't have been able to hide its deteriorating finances behind an upfront payment on the exchange. Similar budget gimmickry here at home prevents us from properly evaluating our own finances.

We also need to expand the scope of the budget to include implicit government guarantees of GSEs like Fannie Mae and Freddie Mac, as well as other fiscal exposures. And we need to bring tax expenditures onto the federal budget—by recording them as simultaneous collections and outlays.

Only by capturing the scope of tax expenditures—nearly \$1.2 trillion in redistributed revenue—can we gain an honest and accurate picture of government. These are only first steps. But unless we reinvent the way government does business and get our finances in order, we won't be nearly as successful in achieving our other priorities.

Finally, we need debt reduction targets in place—to demonstrate our seriousness about tackling the debt problem. Even if we can't all agree on *how* to reduce our debt to GDP ratio, *we should* all come to a consensus on achievable targets.

That's why, next week, I'm introducing a "Sense of the House" resolution establishing sustainable debt and deficit targets. I urge you to join me in cosponsoring this resolution, especially if you believe that government's mission matters.

The *best way* to achieve better health care coverage or a stronger national defense is to restore the public's trust in government—and that means making government more transparent, accountable, and honest.

Thank you for your time."